

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 2850-01  
BILL NO.: HB 1268  
SUBJECT: Education, Elementary and Secondary: Alternative Education  
TYPE: Original  
DATE: January 20, 2000

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$28,462,551)	(\$29,317,930)	(\$30,197,141)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$28,462,551)</b>	<b>(\$29,317,930)</b>	<b>(\$30,197,141)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal would direct the state to fund 100% of the additional costs per pupil needed to expand the alternative education program in a district to include the elementary grades.

- (a) 15% of enrolled students fall under the category of "at-risk" and qualify for an alternative education program;
- (b)  $634,302 \text{ fall enrollment FY 1998} \times 15\% = 95,145 \text{ students}$
- (c)  $\text{FY 1998 per pupil expenditure is } \$1,427,055 \text{ actual expenditures submitted by districts} \div 4,782 \text{ students served by area learning centers} = \$298.42 \text{ per pupil.}$
- (d) Potential cost to state General Revenue Fund to cover 100% of costs:  $95,145 \times \$298.42 = \$28,393,171$ . This amount is used for the base estimate for FY 2001.
- (e) 3% inflation factor is used for FY 2002 and FY 2003.

### Program specific distributions

FY 2001 \$28,393,171  
FY 2002 \$29,244,966  
FY 2003 \$30,122,315

### Administration

An additional supervisor would be needed.

### Information Technology (IT) Impact

DESE's IT section would need to adjust their data-processing systems to be able to support the program's expansion, submission of claims, and disbursement of payments. This impact is estimated to be \$25,000 in FY 2001; project management fee is 8% of the project cost or \$2,000, for \$27,000 total IT cost in FY 2001. IT maintenance costs are estimated to be \$3,750 for FY 2002 and \$3,863 for FY 2003.

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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**GENERAL REVENUE FUND**

Cost-Department of Elementary and  
 Secondary Education

Personal Service	(\$40,651)	(\$50,021)	(\$51,272)
Fringe Benefits	(\$12,500)	(\$15,381)	(\$15,766)
Expense and Equipment	(\$16,229)	(\$7,562)	(\$7,788)
Alternative Education Expansion	<u>(\$28,393,171)</u>	<u>(\$29,244,966)</u>	<u>(\$30,122,315)</u>
Total <u>Cost-DESE</u>	(\$28,462,551)	(\$29,317,930)	(\$30,197,141)

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**SCHOOL DISTRICTS**

Income-School Districts

DESE Reimbursement-Alternative Education	\$28,393,171	\$29,244,966	\$30,122,315
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Cost-School Districts

Alternative Education Program Expansion	<u>(\$28,393,171)</u>	<u>(\$29,244,966)</u>	<u>(\$30,122,315)</u>
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<b>ESTIMATED NET EFFECT ON        SCHOOL DISTRICTS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

JM:LR:OD:005 (9-94)

The Children At-Risk in Education Program funding could be used for any alternative education programs. A district supporting an elementary grades alternative education program would not be required to house the elementary grades on the site of the area learning center.

Each area vocational learning center would submit to DESE a plan for expansion of the learning center. The learning centers would be funded for 100% of the additional costs per pupil needed to expand the alternative education program in a district to include elementary grades.

All alternative education programs would include an early intervention program for elementary pupils within three years of the establishment of the program or the effective date of the proposal, whichever last occurs.

Alternative education grants could be continued to permit the establishment of an elementary grade alternative education program.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Elementary and Secondary Education



Jeanne Jarrett, CPA  
Director  
January 20, 2000